

State Budget Roundup

On Friday June 27, 2008, the Governor signed the budget for FY 2009. There are several changes to the School Facilities Board programs in this budget. Below is a brief explanation of what the budget means for SFB programs.

New Construction

The budget provides sufficient funds to complete all projects that are currently in construction.

However, it also implements a moratorium on all new construction and land acquisition activity that is not under contract as of July 1, 2008. This means that unless your district currently holds a construction contract, new school development should stop. The budget only provides sufficient funds to pay expenditures on projects that are currently under construction. No other bills can be paid.

The budget provides the SFB with \$581 million in Lease-to-Own authority. This authority must be used as follows:

\$344 million – Reimburse FY 2008 expenditures
\$229 million – Fund ongoing projects
\$ 8 million – Full day kindergarten projects.

Full-Day Kindergarten

The budget changes the law and recognizes all kindergarten students as whole students for ADM purposes. Beginning in FY 2009, new construction analyses will count a kindergarten student as one whole student vs. one-half.

SFB staff estimates that this change will cost approximately \$153 million to implement. The budget provides funding for the design phase only of these projects. In FY 2009, the SFB will distinguish new construction awards as FDK awards and Standard awards. FDK awards will be able to start design. Standard awards will not.

Capital Plans

The budget allows the SFB to conduct a full capital plan process in FY 2009. However, all new construction awards (except FDK awards) must be awarded “subject to appropriation.” SFB staff strongly recommends that districts submit capital plans in FY 2009 as normal. SFB staff will review those plans and make recommendations to the Board. The Board will continue to award new space to districts that qualify. These awards will be funded when the Legislature provides the resources.

Building Renewal/Special Projects Funds

While the budget did not provide any funding for the formula distribution of building renewal, it does provide \$20 million to correct deficiencies. To access these funds, districts will have to make application to the SFB. This program does not become legally effective until the end of September. SFB staff will develop a program outline and application procedures for Board review by that time.

Despite the lack of formula building renewal monies, SFB staff strongly encourages districts to submit three-year building renewal plans. By detailing building renewal needs for FY 10 and FY 11, school districts will provide the necessary narrative to help explain why these dollars are critical to the K-12 system.

SFB Extension

The budget extends the SFB until July 1, 2018.